

MINUTE ITEM

17. APPLICATION FOR PROSPECTING PERMIT, INYO COUNTY, UNITED STATES BORAX & CHEMICAL CORPORATION - W.O. 4202, P.R.C. 2824.2.

After consideration of Calendar Item 23 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION AUTHORIZES THE EXECUTIVE OFFICER TO ISSUE AND EXECUTE A TWO-YEAR PROSPECTING PERMIT TO THE UNITED STATES BORAX & CHEMICAL CORPORATION FOR 160 ACRES OF VACANT STATE SCHOOL LAND IN THE NE¹/₄ OF SECTION 16, T. 22 N., R. 7 E., S.B.B. & M., INYO COUNTY, WITH ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS OF MINERALS, UPON ANY AND ALL MINERALS PRODUCED, EXTRACTED AND SOLD FROM SAID LEASED PREMISES, TO BE DETERMINED AS FOLLOWS:

1. FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS

$$R = 3.00 + .01 (C - 20.00)^2$$

2. FOR NONPRECIOUS METALLIC MINERALS

$$R = 3.00 + 0.37 (C - 60.00)$$

3. FOR NONMETALLIC MINERALS

$$R = 1.27 + 0.1563 (C - 15.35)$$

WHERE R = ROYALTY IN DOLLARS AND CENTS PER TON OF ORE

C = WEIGHTED AVERAGE OF GROSS SALES PRICE OF ORE SOLD, DETERMINED ON A QUARTERLY BASIS DURING THE FIRST YEAR IN WHICH SALES OCCUR. THEREAFTER THE WEIGHTED AVERAGE DETERMINED BY GROSS SALES PRICE OF ORE SOLD DURING THE PREVIOUS YEAR IN WHICH SALES OCCURRED.

THE MINIMUM ROYALTY UNDER ANY LEASE ISSUED PURSUANT TO THIS PERMIT SHALL BE:

1. FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS:

\$3.00 PER TON OF ORE

2. FOR NONPRECIOUS METALLIC MINERALS:

\$3.00 PER TON OF ORE

3. FOR NONMETALLIC MINERALS:

\$1.27 PER TON OF ORE

THE MAXIMUM ROYALTY FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIO-ACTIVE MINERALS SHALL NOT EXCEED 50 PER CENT OF THE AVERAGE GROSS SALES PRICE OF THE ORE.

THE MAXIMUM ROYALTY FOR ALL NONPRECIOUS METALLIC AND NONMETALLIC MINERALS SHALL NOT EXCEED 25 PER CENT OF THE AVERAGE GROSS SALES PRICE OF THE ORE.

Attachment

Calendar Item 23 (2 pages)

CALENDAR ITEM

23.

APPLICATION FOR PROSPECTING PERMIT, INYO COUNTY, UNITED STATES BORAX & CHEMICAL CORPORATION - W.O. 4202.

An application has been received from the United States Borax & Chemical Corporation of Los Angeles, California, for a permit to prospect for all minerals other than oil or gas on 160 acres of vacant State school land in the NE $\frac{1}{4}$ of Section 16, T. 22 N., R. 7 E., S.B.B. & M., Inyo County. Operations for the extraction of borates are presently being conducted by the applicant in the NW $\frac{1}{4}$ of the described section under Mineral Extraction Lease P.R.C. 736.2. Field reconnaissance and record review by the staff have shown that the area for which application has been made cannot be classified at this time as known to contain commercially valuable deposits of minerals. The statutory filing fee of \$5 has been paid, and the permit fee of \$160 has been deposited by the applicant. The issuance of a prospecting permit has been approved by the office of the Attorney General.

IT IS RECOMMENDED THAT, PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE AND EXECUTE A TWO-YEAR PROSPECTING PERMIT TO THE UNITED STATES BORAX & CHEMICAL CORPORATION FOR 160 ACRES OF VACANT STATE SCHOOL LAND IN THE NE $\frac{1}{4}$ OF SECTION 16, T. 22 N., R. 7 E., S.B.B. & M., INYO COUNTY, WITH ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS OF MINERALS, UPON ANY AND ALL MINERALS PRODUCED, EXTRACTED AND SOLD FROM SAID LEASED PREMISES, TO BE DETERMINED AS FOLLOWS:

1. FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS

$$R = 3.00 + .01 (C - 20.00)^2$$

2. FOR NONPRECIOUS METALLIC MINERALS

$$R = 3.00 + 0.37 (C - 60.00)$$

3. FOR NONMETALLIC MINERALS

$$R = 1.27 + 0.1663 (C - 15.35)$$

WHERE R = ROYALTY IN DOLLARS AND CENTS PER TON OF ORE

C = WEIGHTED AVERAGE OF GROSS SALES PRICE OF ORE SOLD, DETERMINED ON A QUARTERLY BASIS DURING THE FIRST YEAR IN WHICH SALES OCCUR. THEREAFTER THE WEIGHTED AVERAGE DETERMINED BY GROSS SALES PRICE OF ORE SOLD DURING THE PREVIOUS YEAR IN WHICH SALES OCCURRED.

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THE MINIMUM ROYALTY UNDER ANY LEASE ISSUED PURSUANT TO THIS PERMIT SHALL BE:

1. FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS:

\$3.00 PER TON OF ORE

2. FOR NONPRECIOUS METALLIC MINERALS:

\$3.00 PER TON OF ORE

3. FOR NONMETALLIC MINERALS:

\$1.27 PER TON OF ORE

THE MAXIMUM ROYALTY FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS SHALL NOT EXCEED 50 PER CENT OF THE AVERAGE GROSS SALES PRICE OF THE ORE.

THE MAXIMUM ROYALTY FOR ALL NONPRECIOUS METALLIC AND NONMETALLIC MINERALS SHALL NOT EXCEED 25 PER CENT OF THE AVERAGE GROSS SALES PRICE OF THE ORE.